The Council met in the Secretary's Conference Room in the headquarters of the U.S. Department of Commerce, Fourteenth Street and Constitution Avenue, Northwest, Washington, D.C., at 11:30 a.m., Jane Garvey, Chair, presiding.
PRESENT

WILBUR ROSS, Secretary, U.S. Department of Commerce
ERIN WALSH, Assistant Secretary for Global Markets and Director General of the Commercial Service, U.S. Department of Commerce
JANE GARVEY, Meridiam North America, Chair
MARK BEARIAULT, Kudelski Group
NIKIA CLARKE, World Trade Center San Diego
JEFFREY A. FINKLE, International Economic Development Council
MANI IYER, Mahindra North America
YING McGUIRE, Technology Integration Group
NANCY McLERNON, Organization for International Investment
IRENE SPANOS, Economic Development and Community Affairs, Oakland County, Michigan
CHARLTON L. WHIPPLE, Midlands Technical College and Southern Economic Development Council

ALSO PRESENT

ANTHONY DIAZ, U.S. Department of Commerce
ANNE MCKINNEY, SelectUSA
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11:32 a.m.

CHAIR GARVEY: Good morning, everyone, and thank you all very much for coming on this first day of spring.

(Laughter.)

CHAIR GARVEY: Which is not quite what we all had in mind, but here we all are.

When we last convened and I think it was before you had arrived, so it's great to have you here, we heard the Secretary discuss the administration's priorities. And we were charged with making recommendations to help the United States, as we know, attract and retain a foreign direct investment.

I have to say, there's been an extraordinary amount of work that has taken place over the -- since our last meeting. I know a number of phone calls, I see a lot of heads nodding which I know meant that there were a great deal of conversations that were -- that took place.
And our recommendations today that we're going to discuss touch on three areas, the regulations and activities that impact FDI, and Nancy has talked about that and has brought that, I think, to all of our attention, really from the beginning of our first conversations.

We're also going to talk about enhancements to the Commerce web presence, something that we think is increasingly important in this global network.

And then, finally, approaches to remarketing workforce development and looking at the construction numbers and the need for good, solid workforce out there. I'm really looking forward to that discussion as well.

Just before we do get started, I do want to mention that this is an open meeting. Everything will be transcribed, and that will become available online after the meeting.

We will be voting on the recommendations today, and we'll have several options which we'll discuss a little bit later,
but I'm looking forward to this being a very full
discussion and so delighted to have everyone
here.

With that, I want to turn it over to
the Assistant Secretary.

I am blown away by your title. And,
I want to --

(Laughter.)

ASST. SEC. WALSH: Well, I just go by
Erin.

(Laughter.)

CHAIR GARVEY: Okay, that certainly
makes it easier.

But we are so delighted that you're
here, and we've heard so many positive things.
And I know a number of our members have met with
you and had the pleasure of meeting with you and
have been so impressed.

So, here, here. And we're delighted
you're here. So I'll turn this over to you.

ASST. SEC. WALSH: Thank you so much.

Thank you for your kind introduction, Jane. It's
such a pleasure to be with all of you today here
at the meeting of the U.S. Investment Advisory
Council.

The Council's work has been essential
over the past few months to develop
recommendations that the Department of Commerce
can implement to ensure that the United States is
globally competitive and complete for tracking
and retaining foreign direct investment.

In addition to developing
recommendations and advising the Department, many
members of the Council have served as moderators
and panelists at past SelectUSA Investment
Summits and helped with the digital
communications for the Summit.

Our sincere thanks and appreciation
for your work and your service to keep the United
States the premier location for world direct
investment.

Your work directly touches upon our
work at the Department of Commerce and
particularly our work within Global Markets and
U.S. and Foreign Commercial Service.

One of the core drivers of ITA, the International Trade Administration, and the U.S. Commercial Service is to promote trade and investment. In short, our mission is to help companies invest in the United States, grow their enterprise, and ultimately export from the U.S. market and, of course, create jobs.

There is really no better time to invest in America, as we just discussed. As President Trump highlighted to international business leaders at Davos, now is the best time to invest and grow your business in the United States. Now more than ever.

As the world's single largest economy, the United States provides businesses with a wide array of resources to lead to success. We are working hard to create the environment in which all companies operating in the United States can flourish.

We are decreasing the burden of redundant regulations. We've simplified our tax
system and lowered the corporate tax rate. And we are investing in infrastructure improvement initiatives.

These reforms are the center of the Administration's pro-growth agenda that is keeping America the premier destination for global investment.

As an example, the Administration has cut 22 regulations for every new regulation created in 2017. We have cut taxes across the board for working families and for businesses both large and small, with the U.S. corporate tax rate dropping from 35 percent to 21 percent. This means it's now easier and less expensive to do business in the United States.

President Trump has laid out a pro-growth agenda in which the Department of Commerce is deeply involved. We are eager to keep progress going and to let the Council continue to deliberate and vote on its recommendations.

So, again, my sincere thanks to all of you for coming today. And, with that, I turn the
floor back over to Jane.

CHAIR GARVEY: Thanks very much, Erin.

And, I know -- I believe I really speak for everyone here in saying what a pleasure it is for all of us to have been involved in this effort, and we really appreciate that very much.

And the welcome comments that we've gotten from everyone and the really encouragement, it's been very rewarding. So thank you for that.

You know, I should say perhaps you had a chance to meet everyone, but would it help to just go around the room for introductions or --

ASST. SEC. WALSH: Sure, absolutely. I did get a chance to shake hands, but it was two seconds, so --

(Simultaneous speaking.)

CHAIR GARVEY: All right, we'll start with Nancy and which -- that you know.

(Laughter.)

MEMBER McLERNON: Nancy McLernon with the Organization for International Investment.
We are an association, the only association
exclusively comprised of international companies
in the United States.

MEMBER WHIPPLE: Good morning, Chuck
Whipple, SEDC, Southern Economic Development
Council, a 17-state trade organization in the
southeast.

MEMBER IYER: Mani Iyer from Mahindra
and Mahindra. I'm from the Mahindra farm
equipment sector based out of Houston, Texas. We
have seven group companies here.

And today is the National Ag Day, so
I would like to wish everyone a very happy Ag
day.

(Laughter.)

CHAIR GARVEY: It's also Women's
Month.

ASST. SEC. WALSH: A nice combination.

CHAIR GARVEY: Yes, it's a nice
combination.

MEMBER FINKLE: Hi, I'm Jeff Finkle.
I'm with the International Economic Development
Council. We're a membership group, and our members are economic developers who are trying to create, retain, expand jobs, develop tech space and enhance wealth in the communities where they work.

MS. MCKINNEY: Anne McKinney with SelectUSA.

MR. DIAZ: Anthony Diaz with the Department of Commerce.

MEMBER McGUIRE: Ying McGuire with Technology Integration Group. We're the -- one of the largest Asian-American-owned technology firms.

And I'm also working on a couple of startups including Helping Women 2020. It's a think tank company helping women businesses and they are now global.

CHAIR GARVEY: Terrific, yes.

MEMBER CLARKE: Nikia Clarke with the San Diego Regional Economic Development Corporation. And we're a private sector funded EDC. World Trade Center is responsible for
driving a broad regional trade investment
strategy that's private sector funded and
focused.

MEMBER BEARIAULT: Mark Beariault, the
General Counsel for Kudelski Group. We're a
Swiss-based company that does security and
encryption technology.

MEMBER SPANOS: Irene Spanos, Director
of Economic Development for Oakland County,
Michigan. We're -- 40 percent of our total
investment every year comes from FDI, so it's an
important part of our segment

CHAIR GARVEY: I didn't realize that.

And Jane Garvey, I'm Chairman of
Meridiam Infrastructure of the North American
Fund. We are a fund that was founded in Europe,
and our base is in Europe in Paris. And our
investors are primarily pension funds from Europe
and the United States. So grateful to be here.

So with that we will begin our
discussion. I'm going to three of the members of
the Committee to present the recommendations, and
we will have an opportunity to ask questions, to make comments, to offer suggestions.

And then we'll have an opportunity to vote, to discuss and vote each recommendation. We'll do it separately.

And I should point out that there are really three options. You can -- we can adopt the letter or the recommendation as is, the draft recommendation.

We could adopt part of it with some edits, which is always a possibility, and this group has often produced some good edits in our discussions.

Or we could decide not to adopt the letter at this time.

So we have three options, but we -- and we will have plenty of time for discussions and questions.

So with that -- and I might also mentioned, by the way, that our Vice Chair, Catherine Smith, who was hoping to be here was not able to make it today. But she's had a
chance to review the letter. She's had the
chance to give her input as well. So I think she
would feel she's well represented.

So that's -- we will move on.

I'm going to begin with Nancy who can
perhaps discuss the first recommendation that
comes from the Subcommittee's work.

MEMBER McLERNON: Great, thank you so
much, Jane. And thank you to all of you. I've
been working in the foreign direct investment
space for almost 30 years. So it is really a
privilege to be on this Council and really
excited to put forth our Subcommittee's
recommendations in the regulatory space.

We have six recommendations in this
space, and we believe that the recommendations by
the Council will help support the
Administration's economic growth agenda by
increasing the attractiveness of the United
States for new investment by supporting efforts
to retain and recruit additional investments.

So the first one is repeal of Section
385 regulations which is a Treasury Department.
For those of you who may not be familiar, in September of 2016, the Department of Treasury and the Internal Revenue Service introduced new tax regulations under Section 385 of the tax code.

Last year, the Trump Administration and the Treasury Department recognized the impact and uncertainty created by these discriminatory regulations and delayed the regulation's documentation requirement.

For those that don't know, these are regulations that only apply to international companies in the United States, as the regulations were finalized, they excluded U.S. multinationals, and now only international companies must comply.

Last year's development was very welcome. However, so they delayed the document -- they delayed the regulation's documentation requirement which was very welcome.

However, the other sections of 385, such as those redefining debt and equity, were
left in place pending anticipated action on tax reform which our organization supported and, we believe, will make the U.S. a more competitive location for foreign direct investment.

Given the tax reform enacted last year contains strong provisions related to both interest deductibility and base erosion, the Council has recommended the Secretary and the Department advocate for the complete and immediate repeal of all Section 385 regulations.

So should I stop on each one or should we --

CHAIR GARVEY: Why don't we go through, I think that's the --

MR. DIAZ: Yes.

CHAIR GARVEY: Okay, great.

MEMBER McLERNON: Okay, go through them all?

Okay, the second one relates to the Foreign Investment in Real Property Tax Act, FIRPTA. Inbound investment would benefit from streamlining of the Foreign Investment in Real
Property Tax Act, or FIRPTA.

The way the law is currently structured makes it extremely cumbersome for a foreign investor to comply and creates a disincentive for foreign investment in real property.

To support continued economic growth and infrastructure development, the Council recommends streamlining FIRPTA requirements to ease the ability of foreign investors to invest in and transfer real property in the United States. Again, this is something only applying to international companies.

Number three has to do with the Committee on Foreign Investment in the United States, or known as CFIUS. As a key member of the Committee of Foreign Investment in the United States, the Department has established -- has an established and important voice in Committee proceedings.

The CFIUS review process can have an impact on investment into the United States and,
as such, should remain narrowly focused on reviewing transactions for defense-related threats to national security on a case-by-case basis.

Should legislation be enacted to reform CFIUS or should regulatory or other action be taken in lieu of statutory updates, the Council recommends the Secretary encourage the Administration to keep CFIUS narrowly focused on addressing national security concerns to support an Open Investment Policy for the United States.

The next one is an Open Investment Policy Statement, and I am all gung ho for this one, not that I wasn't for the other ones, but I think that there's some real demonstrative action that can be taken here that is relatively low hanging fruit.

Outside the regulatory space, this Council also examined federal policies and programs that impact foreign direct investment. For decades, the President of the United States has issued a formal, written statement
reaffirming our nation's commitment to an open investment policy. This is a powerful statement that signals our country is open for and welcomes inbound investment by reaffirming our commitment to fair and equitable treatment for all investors.

The Council recommends the Department work with the Administration and the interagency to support the timely issuance of an Open Investment Policy Statement.

And, I would just add that the upcoming SelectUSA Summit is a fantastic time -- ideal time for such a statement to be issued.

Next has to do with the Investment Trade Advisory Committees, or known as ITACs. Given international companies account for nearly 23 percent of U.S. exports, these companies and their employees are directly impacted by the direction of our nation's trade agenda.

However, a prohibition currently exists that prevents representatives of U.S. subsidiaries of international companies from
serving on Industry Trade Advisory Committees, or ITACs, which provide recommendations on trade policy to the Department and USTR.

As such, the Council believes the Secretary should support the executives of U.S. subsidiaries being considered for business engagement opportunities including representation on advisory groups such as ITACs.

And, finally, has to do with SelectUSA. This Council recognizes the tremendous value of SelectUSA and the impact its programing and dedicated staff have on attracting foreign direct investment to the United States.

The Council recommends the Department support the program's mission by ensuring that existing resources are deployed in a focused and prioritized manner and support efforts to ensure SelectUSA continues to receive dedicated funding for its operations that allow for long-term planning and execution of initiatives spanning multiple fiscal years.

CHAIR GARVEY: Great, thank you very
much.

Are there any questions or comments for Nancy? Or for any members of the Committee?

One question that I might have, did the Subcommittee talk at all about when legislation might be introduced or did you make any -- was that discussed at all?

Since I know you've been --

MEMBER McLERNON: Yes, so we talked a little bit about it. Are you talking about legislation in the CFIUS space --

CHAIR GARVEY: Yes.

MEMBER McLERNON: -- because that's --

CHAIR GARVEY: Yes, yes.

MEMBER McLERNON: So we anticipate there to be action on that this year.


MEMBER McLERNON: Yes.

CHAIR GARVEY: Good, great. That's great.

MEMBER McLERNON: Yes. So right now, and this is -- I'm putting on just OFII's hat,
not the Council's hat.

So while we support the goals of legislation that has been introduced by Senator Cornyn and Congressman Pittenger over in the House, we do have concerns with the very broad nature of the legislation and feel that it would impact our competitiveness for foreign direct investment because it significantly increases uncertainty and the scope of CFIUS.

As an organization, we have recommended changes, but we want to figure out -- we've had conversations with the sponsors of the legislation as well as the Commerce Department, the Treasury Department, and the White House.

As it currently stands now, there are some concerns with it, both from foreign companies as well as U.S. multinationals.

So I think that there is a lot of consideration right now because there is a real effort to try to move legislation this year.

CHAIR GARVEY: So more to come on that? More to come?
Well, that was very good.

Yes, Jeff?

MEMBER FINKLE: So I'm particularly appreciative of the section on SelectUSA. And SelectUSA has been an incredible partner for many of our members.

And as you probably realize that the United States was underserved in the FDI space for many, many years.

The -- Great Britain, Canada, many of the other industrialized countries had a better place at the table when it came to recruiting FDI. And when SelectUSA came, we were finally able to compete internationally at a national level.

Many states were doing economic development or foreign direct investment attraction. But the last recession, you know, crimped the budgets of state economic development agencies, so many of the communities were left with nothing, and then SelectUSA came along.

There are two issues that I'm not
suggesting we amend, the statement on SelectUSA.

The first is I am hearing from many of
our members that they're worried about the
attrition of staff at SelectUSA and that there
appears to be some erosion in head count at
SelectUSA.

And the nice thing that we saw that
we'd like to see again in the future, there were
a number of them that actually had economic
development backgrounds. They had worked in EDO
organizations or understood the space by which
their partners worked.

So we would like to see if we can't
rebuild the staff and rebuild it in a way with
people that understand who their partners work
for.

And, second, nothing to deal with
Anne's leadership, but we've also had a political
appointee in that position in the past. And
there is certainly an advantage of somebody who
is in a senior position that can walk in and out
of the White House, in and out of the Secretary's
office as a peer to many of the other political
appointees in the building.

So those would be the things that I
would just add as -- and amplify what has been
written here in SelectUSA.

CHAIR GARVEY: So not necessarily part
of the letter, but just point of --

MEMBER FINKLE: Amplify, I guess --

CHAIR GARVEY: Right, an observation.

MEMBER FINKLE: -- what's in there.

CHAIR GARVEY: And just to underscore
how terrific your folks have been on SelectUSA,
it's always -- it was really an exciting event
last year. I've gone several years, but I really
thought last year was particularly good. So
thank you and the Secretary for that --

ASST. SEC. WALSH: Well, I'm just here
to listen, so I'm not making comments for the
record. But I would like to address at some
point what you had to say because there is a lot
of action taking place.

CHAIR GARVEY: Great, thank you. As
evidenced by some of the folks sitting behind you. Good staff folks.

ASST. SEC. WALSH: There's plenty going on.

CHAIR GARVEY: All right, well, thank you very much.

And I'm going to turn it over to Mark.

Well, first of all, I'm sorry, we've got to vote. Would -- is there a -- are there any other comments that anyone would --

MEMBER IYER: Just one little comment --

CHAIR GARVEY: Yes?

MEMBER IYER: -- just to add to what Jeff said. The U.S. subsidies, there was an intense participation in SelectUSA last year. And I would request to continue so that the audience felt more welcoming and open for other companies, countries to come and invest in the U.S.

So it was quite diversified, both the panel discussion as well as the speakers. I
would request the same or more so that there is a
diversity continued.

    Thank you.

CHAIR GARVEY: That's great.

Any other -- no other comments, I
would entertain a motion on --

MEMBER FINKLE: So moved.

CHAIR GARVEY: And a second?

MEMBER BEARIAULT: Second.

CHAIR GARVEY: Okay, all in favor?

(Chorus of ayes.)

CHAIR GARVEY: Any opposed?

(No response.)

CHAIR GARVEY: With that, we will
adopt the first recommendation and with a great
deal of thanks to Nancy and to the Subcommittee.
That was a lot of work, and those of us who were
involved in the first discussions can really
appreciate it. I like it, thank you all, too.

MS. McLERNON: Thank you, absolutely,
thank you.

CHAIR GARVEY: And, with that, I may
turn it over to Mark. So thank you very much.

MR. BEARIAULT: Great, thank you, Jane. And thank you for the opportunity to present some of the recommendations this morning as well.

If you will, I'd like to return to a theme that informed some of the recommendations we made back in October 2016, which is the use of technology, namely a searchable web-based tool to better organize and more easily present information to foreign investors.

As I'm sure many of you here today know, when a foreign company decides to invest in the U.S., and we know this from personal experience, the Kudelski Group, it takes a lot of time, research, analysis goes into it.

And we have two recommendations today that we believe will help foreign companies conduct their diligence more effectively and make things a bit easier to find and, thus, make faster and better investment decisions, which we think is in the best interest of the United
States.

So our first recommendation is for the Department to consolidate, simplify, and streamline its considerable web presence and the myriad of resources and tools that are already available today, but not always easily accessible to those who are unfamiliar with the intricacies of the Department's various agencies and their associated websites.

In short, and this is coming from a lawyer, not a marketing expert, but we're thinking of Web 2.0 for Commerce and, specifically, targeted towards its FDI related initiatives with two key objectives.

First, ensure that the data and information investors need to assess which localities may be best suited for their business objectives is easily available on one website that is organized in a logical, streamlined manner for the ease of the investor, the end user.

Second, provide current, relevant
information concerning specific localities to investors by enabling EDOs and other appropriate organizations to populate the portal with information in a standardized format. This is something we talked about at one of our first meetings.

Ultimately, the closer we can align the tools and information to the end user's needs and expectations, the more valuable they become to that end user.

One effective way we think to get that critical stakeholder input or voice of the customer, if you will, is through the use of focus groups and similar means where foreign investors, EDOs, government stakeholders, and others consider how best to organize and present the information from the end user's perspective.

Some areas of input that we've identified include how to organize the content, improving navigation, content updates to improve clarity and relevance, potential new resources and information to include end use of technology.
to improve usability and access to content such
as searchable forms and tools.

Now our second recommendation is based
upon the premise that a well organized and
streamlined web portal designed with the end user
in mind can also be a powerful tool for the
Department to employ in a number of different
areas to steer foreign investors towards new
opportunities in the United States.

One such area that is both ripe for
consolidation, in our view, and better
organization and also represents a significant
investment opportunity is state and local
procurement, government procurement, which
accounts for billions of dollars of spending each
year.

We believe the Department should
consider maintaining on its web portal a
searchable catalogue of state and local
procurement offices as well as open solicitations
and bid opportunities from these offices. The
General Services Administration does precisely
this for federal procurement opportunities. We believe something similar should be done to organize state and local level.

This is a great opportunity for the Department to step in and foster economic development by using its considerable presence and match investors with state and local opportunities.

And, of course, this is just one example of what we think can be made possible by the Department if it leverages an effective web presence to foster investment in the United States. But we think this is an excellent place to start.

With that, thank you, again, for the opportunity to present these recommendations.

CHAIR GARVEY: Thank you, thank you very much.

Any questions or comments from our -- MEMBER McGUIRE: Mark, my thoughts on these two recommendations, number one, U.S. is an attractive market because we're known as an
innovative country. And so our web portal representing investor opportunities should reflect that strength.

If you look at today's web portal, it's kind of static, requiring a lot more interaction and security. And that's one thought, and I'm going to lead to my recommendations.

The second one is, that one of the challenges FDI into the United States is disproportionately metropolitan. So if you look at New York, Pennsylvania, and New Jersey represents 10 percent of job creation from FDIIs. They're already congested. We need to get investment into the rural areas and underrepresented communities.

And so I think I'd like to share with you a technology to help us achieve that. So instead of putting band-aids onto current web portal, I'm recommending we develop a site that allows any cities to have equal opportunity to present their information based on
permission-based blockchain protocol.

So blockchain is the next wave of internet. And with this technology, it allows underrepresented communities to present their opportunities without knowing the identity.

Because foreign investors that have talked to me, oh, I want to go to New York and Los Angeles, San Francisco, Dallas, and Houston. By allowing posting projects anonymously through the blockchain technology, we give everybody equal opportunity to compete and allow complete transparency because blockchain calls for one data deposit that's maintained in real time and it's distributed in millions of computers, cannot be edited or penetrated, and so ensure the security and prevent fraud because info cannot be edited and manipulated.

And also allow automated payment system. Let's say an investor wants to have confidence into an infrastructure project. Through the blockchain technology, you actually can set up the project and the milestones that
investors can process payment without middlemen into that project, milestone-based. If somebody failed that milestone, the payment stops. So that gives foreign investors confidence to invest in the infrastructure project in the United States. And so what I'm suggesting is, instead of looking at 30-year-old web based portal, look at the next wave of blockchain technology and establish a portal that gives every community equal access to compete and give very secure database that foreign investors can have easy access to.

CHAIR GARVEY: Thank you.

Any comments or observations? Perhaps meeting with the Commerce staff on that if we leave the recommendations as is. But we could meet with -- have a follow up discussion with staff to understand that technology. It sounds fascinating. It's not one I'm familiar with, so it does sound like something that would certainly be worth a conversation.
MS. McGUIRE: I'd be happy to.

ASST. SEC. WALSH: Again, we'd be delighted and welcome any suggestions. We are deeply involved right now and have been since the second week I got here on doing a lot in digitizing and reforming what we're doing. So we're well under way.

CHAIR GARVEY: And I think your point about innovation --

ASST. SEC. WALSH: Yes, yes.

CHAIR GARVEY: -- is one that really --

ASST. SEC. WALSH: Yes, it's really terrific, and we'd love to hear your ideas from both of you. We'd welcome that.

MEMBER BEARIAULT: Okay.

CHAIR GARVEY: Thank you.

Any other comments or suggestions?

(No response.)

CHAIR GARVEY: Do I have a motion to accept the recommendations as presented?

MEMBER McLERNON: So moved.
CHAIR GARVEY: Is there a second?

MEMBER BEARIAULT: Second.

CHAIR GARVEY: All in favor?

(Chorus of ayes.)

CHAIR GARVEY: Accepted and passed.

So that's great.

And we're moving on now to Irene and look forward to that one. So that's great.

MEMBER SPANOS: Thank you very much for the opportunity to present our recommendations.

Obviously, with the unemployment rate in the U.S., workforce development is a very hot topic. And I think our team came up with several hundred recommendations, but we narrowed it down, yes, to the top priorities for the Administration.

We have five recommendations that we agree will help us and retain our talent and grow our talent in the United States.

Our Committee recommends leveraging the Department's communication channels and
interagency partnerships to promote and amplify workforce development opportunities in programs to support American workers.

And, particularly, a few of those include career opportunities in high-demand, high-wage occupations with a goal to increase workforce participation and a number of qualified and skilled workers, very focused on skilled trades.

STEM and STEAM occupations including careers in advanced manufacturing is an excellent opportunity for youth and adult career changes. With that it's more perception in the youth and changing the perception as to what modern manufacturing is today.

New and exciting apprenticeships program which I know the Administration is very interested in developing and promoting, including highlighting successful models of those provided by foreign companies operating in the United States through case studies.

Our second recommendation includes
fully funding the U.S. Department of Labor's American Job Centers. This infrastructure already exists throughout the United States, and it can be the one-stop-shop for companies to find talent, a single point for companies in need of workforce development assistance.

Showing a priority, retain STEM and STEAM degree holding foreign born students to join the workforce. These are the foreign born students that participate in our universities across the nation. Provide preference to these students to stay within the U.S. to work in high-demand, high-skilled jobs, particularly in advanced manufacturing and information technology sectors.

Again, we feel these students have already committed to the United States, they're here, they're in the areas that our companies need the talent. So we thought that would be something to consider.

And provide preference for those that participate in and successfully complete
registered apprenticeship programs to reinforce mastery of key skills and aptitudes.

We also recommended an incentive for national partners with aligned goals and workforce development programs.

For example, provide competitive grant opportunities for states and private sector nonprofit organizations that can reinforce the goals mentioned above.

Provide supplemental dollars to successfully privately driven national workforce initiatives for in-demand technology oriented careers.

And, finally, accelerate successful state driven models that serve private sector clients. Some examples include Georgia QuickStart, Louisiana FastStart through the Department's communication channels and programs.

And, with that, thank you for the opportunity to present our recommendations.

CHAIR GARVEY: Thanks very much.

Any questions?
Chuck, you had --

MEMBER WHIPPLE: Chairman, yes.

CHAIR GARVEY: Yes.

MEMBER WHIPPLE: Mine relates to workforce and workforce development as it relates to some of the state model programs, Georgia QuickStart, Louisiana FastStart, and South Carolina's QuickJobs programs.

One of the things that we're finding across the state level -- at the state level is the inability for local entities to fund those programs. So where supplemental funding might be made available I think it would enhance those programs.

And, secondarily, I think that one of the things we also need to focus on is underemployment in the age sectors 25 to 44. I mean, in South Carolina, we are finding that the gap that exists between the opportunities for employment for those individuals to operate in that workspace is excessive so that we can focus on targeting those sectors, I think that we can
move the needle successfully.

   Thank you.

   CHAIR GARVEY: Great, the ages are 25 to 44, you said?

   MEMBER WHIPPLE: Twenty-five to 44, yes.

   CHAIR GARVEY: That's interesting. And you've done a lot of work in this area.

   MEMBER WHIPPLE: We've done a considerable amount of work looking at the adult population in South Carolina that's operating in the 25 to 44 space that could use the retooling that these programs provide that would provide them an opportunity to work in today's advanced manufacturing sector.

   CHAIR GARVEY: Great. What --

   ASST. SEC. WALSH: Can I just ask --

   CHAIR GARVEY: Sure, absolutely.

   ASST. SEC. WALSH: -- I'm not supposed to be talking right now.

   CHAIR GARVEY: Absolutely.

   ASST. SEC. WALSH: Can I just --
CHAIR GARVEY: We're waiting for you to say --

ASST. SEC. WALSH: I'm not supposed to say anything.

Can I just ask, what types of things right now are happening at the state level? You see all -- hear about all these different --

CHAIR GARVEY: Yes, great question.

ASST. SEC. WALSH: -- wonderful innovative programs. But they're just in different metropolitan areas, or rural areas, or whatever.

What is being done at the state level that sort of pulls all that together and says, here we go? And, in this area, we're going to focus on the 25 to 44, we're going to focus on advanced manufacturing.

Because I've been in the factories around and they say, we can't find the people to do the work. There's plenty of jobs, it sounds like to me.

MEMBER SPANOS: There are, yes.
To answer your question, there's a disconnect between the programs and the individuals that could utilize those programs.

At our state in Michigan, we are -- our Governor Snyder just launched a Marshall Plan which really revitalizes every workforce development program in the State of Michigan.

And leading to the focusing on the underemployed and focusing on the perception of the advanced manufacturing sector.

We participate in manufacturing day, part of NAM, National Association of Manufacturers, to help change that perception with our students saying that these are cool careers, these are great jobs. These are great companies.

So I think it's a mixture of both of those. But every state does it very differently.

ASST. SEC. WALSH: Exactly.

MEMBER CLARKE: If I might add to that? I can't speak so much to what's happening at the state level, but in terms of regional
innovation around workforce, I know that I'm from
the Southern California region and we've been
seeing a lot of employers come to the table ready
to engage on workforce issues in a way they
haven't since before the recession.

And now that we are back at full
employment, I think that it behooves all of us to
start thinking about demand driven rather than
supply driven workforce development initiatives.

CHAIR GARVEY: That's a good point.

MEMBER CLARKE: And I know that we've
convened an Employer Steering Committee at
Southern California large-scale employers to
start looking at talent pipeline issues.

Because they are ready to invest in
their talent pipeline in really innovative and
interesting ways and are doing, together with our
universities, some interesting work around wrap
group prototyping of educational interventions in
key populations that we know, as a region, we
need to catalyze if we're going to be regionally
competitive and successful.
In our case, in Southern California, it's our large Hispanic Latino population. That's our fastest growing population, it's the least ready for the jobs of the future. And that is a calculus that we need to shift if we're going to remain competitive.

And so I think workforce development solutions always need to be regionally rooted but responsive to the demands of the suppliers of jobs which are your large-scale companies. And if they're not at the table, then --

ASST. SEC. WALSH: And academia, because that's usually a big --

MEMBER CLARKE: -- it makes it difficult to --

ASST. SEC. WALSH: -- gap. They're saying, why aren't you teaching the skills that we need --

MEMBER CLARKE: Exactly.

ASST. SEC. WALSH: -- because we can't hire?

MEMBER CLARKE: And our community
colleges and universities would be the first to come and say that they are educating folks to fill the jobs of the future and to close the gap.

But our companies are saying the opposite. So bringing those two together and doing kind of rapid certification programs and other things in digital skills has been really useful for us.

MEMBER WHIPPLE: Yes, she mentioned earlier, in South Carolina the Governor along with the Secretary of Commerce have created -- coordinated council for workforce development and the individuals involved with that include business and academia.

And what we've been trying to focus on with industry is that we can help you narrow the skills gap, but it's going to require you to share with us the resources that you have and the curriculum that you need to be able to drive what demands your companies are going to have.

And we've done that across South Carolina with Michelin and Siemens as just two
examples where we're asking from academia, we're asking industry to partner with us to solve the workforce issue that exists by helping us fund it, and we can do it.

But there are so many requirements that are put on academia from its accrediting body so that in order to facilitate that, it's going to take additional resources.

And to date the companies have been willing to support the initiatives that's going to be required to drive new curricula across industry and academia.

MEMBER McLERNON: It's not a coincidence that Chuck mentioned Michelin and Siemens because international companies, not just because Siemens is behind me, international companies obviously have strong experience in apprenticeship programs. And I know Kudelski also does that as well.

I had a group of CEOs of our companies come in last week, and we met over at the Labor Department. And I know that they have a
workforce development -- apprenticeship advisory
council. Yet there are no international
companies represented on that advisory council.
Right?

I think so often in government, and
this Council, obviously, is different, but there
are not a lot of international companies that are
on such advisory councils which is why in the
recommendations we pulled out ITACs, but --
because there is a particular prohibition there.

But in advisory councils, in general,
there's not this effort to reach out to some
international companies to join them.

But workforce development and
apprenticeship, in particular, international
companies has an expertise. And so reaching out
to them at the state and local level as well as
here in Washington, I think, would be enormously
beneficial.

CHAIR GARVEY: That's great, thank
you.

MEMBER BEARIAULT: And, if I may, I --
CHAIR GARVEY: Right, yes, yes.

MEMBER BEARIAULT: -- do believe when we moved to open up our second headquarters in Phoenix a couple of years ago, the first thing our CEO wanted to do was to start an apprenticeship program.

And so we've partnered with -- we've had some discussions with community colleges locally, Arizona State University which is in Phoenix has been very helpful to us.

And it's good for them because, you know, we're looking at place -- things like cybersecurity which is a hugely growing sector that demands workers with different skill sets in many cases. So it's good for the university because then they build an area of expertise.

And so I think it is actually quite easy to start them. Now we're not Siemens or a Michelin employing, you know, hundreds or thousands of apprentices, but even if we employ five of them --

CHAIR GARVEY: That's a start.
MEMBER BEARIAULT: -- I think for a company of our size, if you multiply that across the industry, I think that can have a real impact.

MEMBER McLERNON: It's also in the white collar space as well. Right?

MEMBER BEARIAULT: Right.

MEMBER McLERNON: So it's not just in advanced manufacturing.

I know two of our companies, Zurich Insurance has an apprenticeship program in Illinois for insurance. And they partner with a local community college there. And, again, it's probably not in the thousands, but they are beginning to do it.

You know, moms, stay-at-home moms that, you know, trying to get back in the workforce is a ramp to get back on.

I know out in Virginia, CGI, a Canadian company, is doing work in rural Virginia. And, you know, you've got sons and daughters of farmers who are getting into IT
because of the apprenticeship programs.

So, and again, international companies, and which is why it's, you know, fabulous coming from this Council, there is a particular expertise from international --

CHAIR GARVEY: That's great.

MEMBER McLERNON: -- companies on apprenticeship programs and working collaboratively with the public sector on getting these programs going.

CHAIR GARVEY: That's great. And there a lot of those little pockets of innovation I think that are occurring with a similar kind of training in the Miami tunnel project going into the neighborhoods and employing some of the underemployed folks and training them first --

ASST. SEC. WALSH: Fantastic.

CHAIR GARVEY: -- and then becoming welders there. So that really -- some of those girls are really pretty good at that.

ASST. SEC. WALSH: Yes, yes.

CHAIR GARVEY: So it's good.
Any other comments or questions or observations?

MEMBER CLARKE: I was just going to add to that, to your point about the sort of types of jobs that you're preparing people for.

And I think there was this idea that there are white collar jobs and blue collar jobs. Every job is becoming increasingly digitalized.

CHAIR GARVEY: Yes, that's a good point.

MEMBER CLARKE: Every job across the country, whether you're running -- whether you're on a manufacturing floor or not. And those types of digital skills I think is where you're seeing a really high premium in terms of wages.

So we know that, you know, in the northern part of our county, two-thirds of the jobs in the tech economy don't require a college degree. And that creates some opportunities, ladders to careers that are not necessarily accessible or that a lot of populations don't think are accessible to them.
But I think that the digital skills workforce development conversation needs to evolve across the country because those are the ones that are in highest demand and they're also the ones that transform careers and families in one generation.

MEMBER IYER: I cannot but agree on so many things we discussed on workforce development. Because we're so passionate about it.

CHAIR GARVEY: Strong words.

(Laughter.)

MEMBER IYER: There's a passion about this subject. And I don't want to quote examples, and Nancy talked about how companies network with colleges and community colleges.

We have now three, I know one is Virginia Tech, we have an innovation lab we are starting with Virginia Tech very soon, announced as Mahindra --

CHAIR GARVEY: Good school.

MEMBER IYER: Good school.
We have a digitization internship and a program going with Texas A&M. And we have a field -- tractor field testing and engineering lab in Kansas University.

So industry does a lot of it, and they come from other countries. Like India has got a lot of them with Mahindra.

So we're trying to employ -- and also we have a program for veterans within our company to see what we can do with community colleges and all.

So it spans across any and all, like you said, white collar, blue collar, age group. We -- I think the industry can participate along with colleges if we can apply some of this kind. It's wonderful, and I'm quite thrilled to hear about this.

CHAIR GARVEY: That's great.

MEMBER McGUIRE: I think -- go ahead.

MEMBER FINKLE: No, please.

MEMBER McGUIRE: Thank you.

I think we need to drive the mind
shift because people in our community, they all
want A students supposed to go to top college and
tons of student debt when you graduate, you can't
find a job because your degree and demand does
not match.

So in our community through the
Chamber of Commerce, business associations, we
start to have a workshop to educate people, it's
okay not to go to college and go to vocational
schools and learn the real skill set.

Here's a testimony of how people went
to two-year college only have $10,000 student
debt and got a great job.

So I think we need to drive the mind
shift to that not the top college can give you a
life, actually, you can go to vocational college
and, again, as a rewarding career as you want.

So I think it's mindset shift we have
to drive through education.

MEMBER FINKLE: So for the last ten
years, the International Economy Development
Council has been doing a survey as what's
preventing investment growth. And, needless to say, during the heart of the recession, capital access was a big problem, and the banks weren't lending.

And then a major issue after that was the condition of infrastructure that still is number two. But for the last four or five years, it's all been about workforce.

And the other things that we've learned in that survey is that the number one workforce partner with business and economic development organizations has been community colleges, not necessarily four-year universities, not necessarily other organizations, but it's been the community college that has been a leader.

And the other thing that we've noticed, which I think gets to the question that the Secretary raised was, the state budgets have not kept up. In fact, they've been pretty flat since the recession.

So we can't lose money anywhere,
either at the federal level or the state level. And we hope to -- we need to grow those budgets if we're to keep up with the workforce needs. Including corporations, many of them have not -- they used the recession as a time for cutting back those budgets as well.

MEMBER WHIPPLE: I'll make one final observation and in looking at what Ying has said about the messaging. And we've got to do a better job of branding the message of how important the technical college system is and the community college and apprenticeships.

And I think where it starts is it starts with parents, and it starts, you know, with the guidance counselors. If we don't shift the message, then we're going to continue getting the same results that we've been getting all along.

So I think if we started to take a look at how we talk about how important those things are, how we change, to your point, the mindset of the parents today, we're going to
still be talking about these issues down the road.

CHAIR GARVEY: Very good, thank you.

Thanks very much, very good comments.

And, with that, let me ask if, without -- if there's a motion to accept the recommendations?

MEMBER WHIPPLE: So moved.

CHAIR GARVEY: Is there a second?

MEMBER BEARIAULT: Second.

CHAIR GARVEY: All in favor?

(Chorus of ayes.)

CHAIR GARVEY: All right, with that, we have adopted all of the recommendations. And, I want to, first of all, thank you before I turn it over to the Secretary for some comments.

I want to thank everyone once again for what has been a really exciting and, I think, very useful and productive discussion and a series of recommendations.

I do want to mention, though, before
we move on, go back to some of the themes that
you've mentioned because I think these are --
this last discussion and the last sort of series
of comments and observations I think were really
important and perhaps just to make note of them.

One was the importance of SelectUSA
and strong support, Madam Secretary, that you see
and feel from this group in that regard.

Secondly, the importance of
innovation. As you think about web and
redesigning it, how can we stay sort of at the
cutting edge? Which is, I think, sometimes a
challenge in government, but just a reminder of
how important that is.

We talked about the help that
sometimes the locals and state need, particularly
focusing on some of those programs on the
underemployed. But also the importance of the
regional -- of regionally driven workforce plans
that were discussed as well.

Shifting from supply to demand. I
thought that was an important point as we start
thinking about workforce development.

The importance of the apprenticeship programs. And I go back, by the way, to the comments the Secretary made when he first met with us at that last meeting.

And he talked a lot about that, that the apprenticeship programs and the workforce development and how very important that is.

The challenges that we all know exist with the state programs, and I'm not sure that the federal government can always step in in those regards, but I think certainly we, as part of the community and part of the industry, can help with those programs as well.

And then the point about messaging I thought was a good one, too. Shifting how we talk about a lot of these very, very critical jobs that may not be viewed as sort of the traditionally important or the white collar jobs.

But that all of them really are becoming so critical to the health of this economy.
So, with that, I thought those were
some good observations.

ASST. SEC. WALSH: No, I think it's --
I think they're incredible and spot on.
Obviously, you've all spent a great deal of time
talking about this. I mean, it's your industry,
it's what you do.

I think what we want to do in the
Department of Commerce is the Secretary had said
originally, is to really focus, from the federal
government side, on what we can do.

Obviously, we have to work with
Congress and are pleased to do that. But there's
a lot of things that need to be pushed through.

I think this tax program is the first
time it's been overhauled in 30 years. That was
a lot of work to get that done. And I think
that's been very attractive to businesses.

So the Administration is actually
moving as fast as we can. It's been a very
unique opportunity to have a President and a
Secretary of Commerce who are so focused on
business and the American people and the
competitiveness of the United States.

From a -- as the National Security
Strategy stated, our economic security is our
national security. And with that, we need to
think about what else is going on out there?

We've got fierce competition around
the globe with only 2 percent of our companies
actually exporting, it's very important not only
to focus on exports and winning deals overseas,
but also the foreign direct investment is
obviously critical, too, that we get the right
foreign direct investment in the right places to
create more jobs.

So from a federal government
standpoint, our role is really to create that
environment for that to happen. We're certainly
not going to -- have no intention upon taking
over or interfering with the private sector.
That's exactly what we don't want to do. But we
want to support by creating that environment.

So I think with a lot of these -- the
385 regulations, definitely, we will look at that, take a closer look at that and try to help you with that.

On the technology part of it, it is a top priority right now for us within global markets and ITA. We have done a lot of work in this area so far for the last six months.

It's a long process to go for education, information, RFP, and all of that. And I just will tell you that we are in the process of looking at a lot of these things right now. The very forward looking -- to make it very customer-centric rather than just static.

So that's a top agenda item. I think it's very -- thank you for offering to maybe do focus groups. I think that could be something that we would very much like to look at and maybe follow up with you on that. I think that's something we would like to do, I know that.

And then, finally, your third one, as you stated so well, the Secretary is so interested in the apprentice and the workforce
development because, unless we have that, the
United States would not be able to become
competitive.

And I think, as you said, it's at all
levels. So it's STEM, it's STEAM, it's at the
VocEd level, the higher wages, as you mentioned,
you get -- is it Nika?

MEMBER CLARKE: Nikia.

ASST. SEC. WALSH: Nikia.

The higher wages are also just at the
VocEd level. And so you don't need -- and
oftentimes people are just looking for a higher
wage. You can have a PhD and be making a very
low wage. So that's very important.

Also looking at some of our top
schools, Carnegie Mellon, Stanford. I've talked
to some of the presidents at those universities
to see who is in AI? Who is in computer science?

The reality is that there are not many
Americans in those departments. And they are
encouraging to have -- they'd like to have a
whole mix of people, but they'd definitely like
to have Americans, too.

So I think that's something in the

STEM that we need to focus on is actually who is

in those departments? We want a lot of diversity

in those departments. I think that's what

creates the best cutting edge environment for all

of this advancement. But we do need to continue

to push that in terms of -- so that's not so much

apprenticeship, that's at the tertiary level.

But all of this is critically important.

CHAIR GARVEY: Yes, all of it is

important. Thank you very much, Erin. It's very

helpful.

ASST. SEC. WALSH: The Secretary is

running a few minutes late. He should be here

around 12:30, 12:35.

So I just thought maybe, Jane, you

want to open it up to any other conversation?

CHAIR GARVEY: Sure, absolutely.

First of all, I also wanted to open it

up for the members if there are any comments that

you'd like to say.
Actually, my notes say, anything --
does anyone have anything positive to say?

(Laughter.)

CHAIR GARVEY: But I'll take neutral.
I'll take neutral.

(Laughter.)

MEMBER McLERNON: How about just a
neutral question on the process for the letter?
When would the letter get finalized?

CHAIR GARVEY: Okay, that's a great --
MEMBER McLERNON: And then when would
it --

CHAIR GARVEY: -- question. That's a
great question.

MEMBER McLERNON: -- get sent?

CHAIR GARVEY: Yes, yes. Anthony, I
know we're going to turn it back to Commerce for
-- to work with any -- we really don't have any
edits, so --

MR. DIAZ: Sure, so we'll work with
you to sign the letter, and Catherine can sign
the letter. And then it can be formally
submitted to the Department of Commerce. We'll review the letter and send it up the chain.

And for those -- the recommendations that touch upon different bureaus, we'll -- Departments, I mean, we'll send it to the -- to the White House to kind of send it around.

CHAIR GARVEY: Okay, good question, thanks for asking that, yes.

MEMBER WHIPPLE: Jane, I would just like to take this opportunity to thank, first, the leadership here at the Department of Commerce and then her team for my experience on the IAC.

A lot of heavy lifting that's been done has been done behind the scenes by the Commerce team, and I just wanted to publically thank them for all their efforts.

CHAIR GARVEY: I think that deserves a round of applause.

(Appause.)

CHAIR GARVEY: Well done.

Any other comments or any questions?

MEMBER McGUIRE: Erin, I love your
statement about economic security is our national
security. I love that quote.

So can you give us a few examples,
demonstrations, priority to institute the
economic security in the coming couple of years?

ASST. SEC. WALSH: I think -- have you
had a chance to read the National Security
Strategy? It's -- you can download it, it came
out of the NSC, a lot of work -- months of work
went into that directed by the President and the
NSC.

It's been a full interagency process.

And it's actually the second pillar which really
focuses on the economic security as our national
security. And that means everything where the
United States is competing to the strength of our
economy.

So it's America's strength in the
economy which means actually our workforce
development, where we are. Are we able to
compete? Are we having the most cutting edge
technology and innovation?
The strength of our economy to pay for our defense as well? Because there's so much happening now in terms of the defense and in space now which is a huge new opportunity, both commercially, but there are challenges in space from a defense standpoint and security.

In terms of, again, the innovation, we have to look at how we protect our IP. Trade is critical to our economic security in terms of free and reciprocal trade.

So all these things are things that we are looking at here at the Department. What are the most important areas where the United States needs to stay on top of? Cyber, AI, VR, all of these things as well as our agriculture and automotive industries, our manufacturing, our defense industrial base, all of these things are critical and that all has to do with American workers and American competitiveness.

MEMBER McLERNON: I love the way that you sort of -- your way -- when you're speaking about sort of our competitiveness. It's not
about our sort of corporate national corporations. Right?

Because as this group shows, you can't put a flag on a company anymore. And, right, our competitiveness is the competitiveness of our workforce and those that employ them include both international companies as well as U.S. multinationals.

ASST. SEC. WALSH: Right.

MEMBER McLERNON: And as long as that, you know, when we think of our competition overseas, it's not from foreign companies, it's from other economies.

ASST. SEC. WALSH: That's right.

MEMBER McLERNON: Attracting investment and attracting the jobs that we want.

And I really like the way that you put that, especially for a group of international companies, like to hear it put that way.

ASST. SEC. WALSH: Yes, because those are all, you know, when you're talking to them, as you and I had a chance to talk before, there's
a lot of wonderful, amazing groups and companies that want to continue. They want to invest in America, they're really interested in it, in our infrastructure, in different areas, in agriculture, all these things.

And those are great companies, we want their investment. And we want their greenfield, brownfield, their innovation that comes in, that's all very important to keeping America vibrant, strong, and economically secure.

CHAIR GARVEY: Other comments or questions for --

MEMBER SPANOS: I have a comment.

CHAIR GARVEY: Sure.

MEMBER SPANOS: My team's looking forward to SelectUSA this year. There will be four of us attending, and we always enjoy attending that. We get real prospects and real successes from that event every year.

It's a must-do event for the State of Michigan as well as for our county.

ASST. SEC. WALSH: How many of you
were at SelectUSA, have participated?

(A show of hands.)

ASST. SEC. WALSH: That's great, that's fabulous.

Are there things that you -- we've got a great agenda that we're doing this year, very exciting that Anne and her team and all of us have worked on.

Are there things specifically that you think on the academic day that we have or any of the keynote plenary sessions that you think would be of value to you and the people that you're working with?

CHAIR GARVEY: I love the panels. I love that sort of exchange, that -- well, not this is not sucking up, but the Secretary with the people from, you know, from the other companies, that kind of exchange of ideas and thought.

ASST. SEC. WALSH: Okay.

CHAIR GARVEY: I thought those were, even more than sort of straight on presentations
ASST. SEC. WALSH: Right.

CHAIR GARVEY: -- that kind of --

ASST. SEC. WALSH: Interaction?

CHAIR GARVEY: -- give and take and interaction.

ASST. SEC. WALSH: Okay.

CHAIR GARVEY: I don't know, did --

ASST. SEC. WALSH: There were some great ones, I thought.

MEMBER CLARKE: I agree, I loved the panels.

ASST. SEC. WALSH: Okay.

MEMBER CLARKE: And the other, I guess, comment from my perspective, we're seeing more and more of the FDI that comes into our region being led by kind of small, mid-size, really innovative companies.

And I think that there is a dearth of kind of access and resources for companies like that.

So here, I think I really enjoy
hearing from the big multinationals as to how they make these kinds of connections and decisions.

But as we look at how the composition of our FDI is changing, both in terms of market as well as firm size, I think start catering -- having SelectUSA cater a little more to those small companies who are looking for connections with local economic development organizations, with local companies, maybe research partnerships, all sorts -- all the different ways that FDI enters the economy as opposed to the large-scale green or brownfield investment, which has traditionally been the primary channel. But those deals are fewer and fewer.

ASST. SEC. WALSH: That's great. I think that we really do try to have a mix of both. I mean, I know that they're looking for the big ones, but we usually do get medium and small, a lot of those.

Maybe we could have some focus on that a little bit in one of our sessions that we would
look to do that so that they would, you know,
it's not just the Blackstones and the whatever,
but something that was --

    MEMBER CLARKE: Maybe something around
    an emerging industry -- emerging industry
    clusters.

    ASST. SEC. WALSH: Yes.
    MEMBER CLARKE: And have it industry
    focused but then with small or mid-sized
    companies.

    ASST. SEC. WALSH: Okay, that's a
great idea.
    MEMBER McGUIRE: For EDOs, having the
    successful communities to teach, you know,
    emerging communities how to market their
    community for investors. So it's kind of, you
    know, the testimonial and the case studies. For
    foreign investors, teach them how to use the
    tools and the resources in this country.

    A lot of them go through brokers.

    Information's very inconsistent, so have
    consistent information, one on one. When you
come to this country, here are the resources available to you.

And teach them about how to do business with U.S. government reflecting our recommendations. Because many of them, they may do business with corporations, but U.S. government, state, local, they are the biggest procurement buyer in this country.

And also teach them how to mentor small business foreign partnership. Because our government, we do have, you know, goals to spend dollars with small businesses.

Most foreign companies don't understand why we're doing this? How do we do this?

So encourage them and teach them to bring on small business partners, domestic, U.S. small business partners and do business together.

So the U.S. small business have the know how, local know how and then the foreign investor has the scalability, financial strength.

So teach them how to partner to do business with
federal and SLT. So I think that would be valuable training for foreign investors.

ASST. SEC. WALSH: Nancy, how would you comment? Because you deal with all the big ones.

MEMBER McLERNON: Right.

ASST. SEC. WALSH: For the most part.

MEMBER McLERNON: Right.

Well, so from our company's perspective, I would say sort of the term that we use a lot in our organization is aftercare.

So once they're here, you know, what are ways that they can ensure that they can succeed --

ASST. SEC. WALSH: Right.

MEMBER McLERNON: -- once they're here.

ASST. SEC. WALSH: Right.

MEMBER McLERNON: Which, I think, sometimes, again, whether it's participate -- you know, how can the government help their exports?

ASST. SEC. WALSH: Right, exactly.
MEMBER McLERNON: How -- once they're already here, right?

And so a lot of -- about 60 percent of all of the foreign direct investment comes from your existing customers here.

ASST. SEC. WALSH: Right.

MEMBER McLERNON: Right? And so, talking to that group of companies that are already here and, you know, kind of addressing how they've dealt with some of the challenges and opportunities that they have taken to grow their business here.

Also a lot is not -- a lot of FDI is not just in the greenfield or brownfield, it's in the M&A space. So what do people need to know about M&A?

You know, and principally, to sort of disabuse people of the fact that M&A is bad. It's actually an investment in a company, and it's dumping the resources, and that cross-border M&A often ends in much less sort of employment rationalization because they need that structure
here. That's why they're doing the acquisition which drives a lot of job growth.

I would also say, the other thing I was going to mention is to, which I'm sure it's on your agenda, but to tout the tax plan.

ASST. SEC. WALSH: Yes.

MEMBER McLERNON: Right? And, you know, what do foreign companies need to know?

There are some unique things --

ASST. SEC. WALSH: Yes.

MEMBER McLERNON: -- for international companies in the tax space, and getting someone to very, at a high level, because we don't want to get too detailed in some of the tax things, but it's been talked a lot overseas.

And I know that a lot of our companies -- parent firms are trying to figure it out and are being asked about it. So I think some sort of session on that, not just touting it but maybe getting into a little of the details.

MEMBER IYER: I have a comment here.

I don't have an answer, though.
When you -- facility let's say is at a very national level, how do we deploy it at the state level? Can we come up with something? Because it has to be sort of deployed, how do we take it forward to the state?

And, as Nancy said, we, as such small companies and different states, beyond the state of Texas, we promote a lot of economic development and investment opportunities in Houston. So we have Houston based -- where we participate as companies and we talk about all these things as a panel discussion to see, you know, in what we have done, how successful it has been and how we have taken the resources to grow in Houston.

So how do you deploy facility as a national agenda to the state and cities?

ASST. SEC. WALSH: That's very interesting. One -- we can talk about that, I think, with our own networks and see how we could be more helpful in taking what was done at the national level and that same sort of model.
And then developing it in some of -- at least some of the regions, maybe not in every state. Again, we can't pick states.

MEMBER IYER: Yes.

ASST. SEC. WALSH: But that could be something that we might want to look at. And that's a very interesting idea.

MEMBER IYER: Thank you.

MS. CLARKE: And I think there have been a few sort of spin out events that have been very successful.

ASST. SEC. WALSH: Oh, there's spin outs?

MEMBER CLARKE: Yes, yes. So like SelectLA every year. And some regions have taken the SelectUSA, the investment form model, and then done a spin out event, you know, catching foreign delegations as they're on their way there or back. And that's been pretty successful --

MS. MCKINNEY: And that's something that we're doing again this year, is taking advantage. You know, last year, we had more than
1,200 representatives of international firms in the Washington area for the Summit.

So we want to drive them out across the country to visit communities, learn what's going on firsthand, and see what the opportunities are.

And so we did it -- we encouraged spin-offs in sort of an ad hoc way. We issued a call for proposals and many state and local, regional economic development organizations have responded.

We now have them on our website of a process of getting that information to investors when they're registering for the Summit and buying their tickets, to make plans to go out and participate in these spin offs either before or after.

So we're now up to about 20 spin offs that are already advertised on our website. So we're hoping that companies will be able to take advantage of those opportunities.

Last year, we also had a special track
at the investment academy focused on U.S. government resources for investors so that they could learn about the many resources that were, you know, that are available.

We also had more than 30 U.S. government agencies and programs represented in our USG pavilion, in addition to accessing all of the state and local resources, the EDOs that are exhibiting as well.

So and in terms of helping communities market, we actually had a session last year that was focused on helping them refine their pitch and was interactive where they could sort of pitch their community to investors and get some tips there.

So we welcome your suggestions. We're always looking for ways that we can both improve the tools and resources we're providing to the economic development community and to investors at the academy as well as during the high level thought leadership discussions that are taking place during the plenary sessions and breakouts
at the Summit.

ASST. SEC. WALSH: That's great.

MS. MCKINNEY: So, again, thank you so much for the ideas that you've shared here, and we look forward to, you know, continuing to work with you on an ongoing basis to improve what we've already got. So, thanks, again.

ASST. SEC. WALSH: Thanks, Anne.

CHAIR GARVEY: Any other comments or -- we could officially, I suppose, adjourn the meeting.

ASST. SEC. WALSH: Yes, we could adjourn the meeting and then --

CHAIR GARVEY: We could adjourn the meeting --

ASST. SEC. WALSH: -- wait --

CHAIR GARVEY: -- wait and see --

ASST. SEC. WALSH: -- for the final remarks.

CHAIR GARVEY: Yes, why don't we do that?

ASST. SEC. WALSH: That would be
great.

CHAIR GARVEY: Is that all right, Anthony? I'm looking to Anthony.

MR. DIAZ: I think that -- I got a text that he should be coming in two minutes.

CHAIR GARVEY: Oh, all right.

ASST. SEC. WALSH: Two minutes?

(Laughter.)

(Whereupon, the above-entitled matter went off the record at 12:43 p.m. and resumed at 12:47 p.m.)

CHAIR GARVEY: Mr. Secretary, thank you so much for joining us. We've had a lively and a good discussion, and we hope we've produced some good recommendations for you.

But I do want to start by saying, first of all, what a pleasure and honor it has been for all of to work on this --

SECRETARY ROSS: Good.

CHAIR GARVEY: -- with and for you.

And also to compliment your staff. It has been a superb --
SECRETARY ROSS: Super.

CHAIR GARVEY: -- and extraordinary.

So we've enjoyed the privilege that you've given us. And thank you very much for joining us today.

SECRETARY ROSS: Well, I'm happy to. I just had the pleasure of testifying for two hours before the Appropriations Committee.

CHAIR GARVEY: Oh dear, we feel your pain.

SECRETARY ROSS: I'd much rather be here.

(Laughter.)

CHAIR GARVEY: I understand, yes.

Well, it's great to have you.

SECRETARY ROSS: Well, thank you, Jane. And, good afternoon, everyone.

Erin, thank you for today's meeting.

It's a pleasure to see all of you once again, and welcome to the Department of Commerce.

Thank you for coming here to vote on Council recommendations. Each of you have worked
diligently today, at least I'm assured by Jackie.

CHAIR GARVEY: Yes, absolutely.

(Laughter.)

SECRETARY ROSS: And over the past months to develop these recommendations from the priorities we discussed at the last meeting.

The issues you're considering, workforce development and reducing the regulatory burden on investment, are critical to our success as a nation.

Additionally, your recommendations regarding our web presence are important to the work we do with our clients on a regular basis. I look forward to reviewing your recommendations that you approved today.

Our Department is committed to ensuring that the U.S. retains its position as the leading destination for foreign direct investment. There has never been a better time to invest in the U.S.

But we still are doing everything we can to make it better. An important part of that
effort is the 2018 SelectUSA Investment Summit
taking place June 20 to 22 at the Gaylord
National Convention Center here in the
Washington, D.C. area.

We're getting more and more excited
about our plans for this year's event. We've got
a very good roster of speakers lined up for the
plenary sessions, including some notable foreign
dignitaries.

For the first time, I think, in the
history of the event, we're having royalty here.
The young king of Spain had the misfortune to be
my dinner partner at Davos so --

(Laughter.)

SECRETARY ROSS: -- we recruited him
to come.

The theme of SelectUSA is invest here,
grow here, succeed here. The investment summit,
as you know, is the world's largest gathering of
U.S. economic development representatives from
just about every state and territory and with
foreign investors from more than 60 countries,
including all of the big ones.

    Last year, we had 3,000 delegates. We think we'll have quite a few more. And we think we'll have more than 2,000 foreign direct investment matchmaking meetings.

    Past participants have advanced more than $71 billion in greenfield foreign direct investment in the U.S. since 2013. And we're looking to build that number quite a bit.

    At your Council's request, last year's summit included sessions on investing in U.S. infrastructure. We'll continue that tradition this year because the summit is a great opportunity to educate state and local governments on the benefits of private/public partnerships.

    This also plays into the President's infrastructure initiative which aims to leverage $200 billion in federal dollars to stimulate a trillion and a half in actual investment.

    For the first time at SelectUSA, we will also discuss opportunities for foreign
direct investment in the very fast growing and
innovative U.S. commercial space industry.

I don't know how many of you watched
that launch of the Tesla car into outer space,
but I was down there. It was really quite
amazing. It made you really proud to be an
American again.

Commerce, in coordination with the
National Space Council chaired by Vice President
Pence, is working to create a one-stop-shop for
commercial space development which will ensure
that the U.S. is the flag of choice for space
companies the world over.

So if you haven't already signed up
for SelectUSA, please make sure that you do.

To conclude, I look forward to
reviewing your recommendations and to our
continued engagement as we recharter the Council.

Thank you, again, for your civic
involvement, your valuable time and energy in
support of the Department, and the work you do on
the behalf of all Americans.
American families benefit from every investment made in their communities. Together, we will continue to help the United States succeed and prosper.

We truly appreciate your advice and your counsel. Thank you.

CHAIR GARVEY: Thank you, Mr. Secretary.

(Applause.)

CHAIR GARVEY: We've all had a great discussion about SelectUSA and how excited we are. So it's really --

SECRETARY ROSS: Everybody coming?

CHAIR GARVEY: Oh, yes, we're already registered and approved. And so we all raised our hands, yes.

SECRETARY ROSS: Well, that's encouraging.

CHAIR GARVEY: Thanks so much, we really appreciate you stopping by. It's --

SECRETARY ROSS: Well, thank you, Jane.
CHAIR GARVEY: And we would rather have had you here, too.

(Laughter.)

SECRETARY ROSS: Good. Well, good to see you, and I hope the weather clears up by the time you get home.

CHAIR GARVEY: I know, I know.

SECRETARY ROSS: Pretty ugly when I came in.

CHAIR GARVEY: Pretty ugly, very.

First day of spring.

SECRETARY ROSS: Good to see you.

Thank you, thank you.

CHAIR GARVEY: Bye-bye.

All right, so with that, I'm not going -- we're not standing for a prayer, we're just --

(Laughter.)

CHAIR GARVEY: -- adjourning the meeting. Thank you all very much.

(Applause.)

(Whereupon, the above-entitled matter went off the record at 12:54 p.m.)
CERTIFICATE

This is to certify that the foregoing transcript

In the matter of: US Investment Advisory Council

Before: US DOC

Date: 03-20-18

Place: Washington, DC

was duly recorded and accurately transcribed under my direction; further, that said transcript is a true and accurate record of the proceedings.

[Signature]

Court Reporter